

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 INR-10 L-03 ACDA-12
NSAE-00 PA-01 SS-15 SP-02 TRSE-00 NSCE-00 SSO-00
ICAE-00 INRE-00 OIC-02 EB-08 COME-00 /071 W
-----110161 291015Z /10

O 290947Z APR 78
FM USMISSION USNATO
TO SECSTATE WASHDC IMMEDIATE 1178
SECDEF WASHDC IMMEDIATE
INFO ALL NATO CAPITALS
CINCLANT NORFOLK VA
USLOSACLANT NORFOLK VA
USNMR SHAPE BE
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 01 OF 03 USNATO 04387

E.O. 11652: GDS
TAGS: DPC, MPOL, NATO
SUBJECT: MAY DPC MINISTERIAL
REFS: (A) USNATO 4245 (DTG 261312Z APR 78), (B) USNATO
4220 (DTG 251820Z APR 78), (C) USNATO 4269 (DTG 261719Z
APR 78) (D) USNATO 4346 (DTG 281256Z APR 78)

SUMMARY. THERE IS NO DISAGREEMENT AT EVERE THAT THE
LONG TERM DEFENSE PROGRAM (LTDP) WILL BE THE CENTERPIECE
OF THE MAY DPC MINISTERIAL, AND ALLIES ARE FULLY AWARE
OF THE IMPORTANCE THE US ATTACHES TO THIS PROGRAM. WE
BELIEVE THAT THE DRAFT AGENDA (REF A) IS DIRECTED
APPROPRIATELY TOWARD FOCUSING SUBSTANTIVE MINISTERIAL
DISCUSSION ON THE LTDP, AND IT IS UNDER THIS AGENDA ITEM
THAT MINISTERS WILL MAKE THEIR MAJOR INTERVENTIONS.
OUR COMMENTS ON THE AGENDA ITEMS IN ROUGH PRIORITY
ORDER FOLLOW BELOW. END SUMMARY.

1. LONG-TERM DEFENSE PROGRAM (ITEM IV).

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WE HAVE REPORTED EXTENSIVELY DEVELOPMENTS IN THE FORMULA-
TION OF THE LTDP. REFS B AND C CONTAIN OUR THOUGHTS AND
RECOMMENDATIONS ON THE COMPREHENSIVE REPORT AS IT NOW
STANDS. WE WILL BE IN A BETTER POSITION TO ADVISE ON
WHAT SECRETARY BROWN'S INTERVENTIONS SHOULD COVER FOLLOW-
ING THE MAY 2 EWG MEETING AND THE MAY 8 DPC PERMREPS
MEETING. FOR NOW WE WOULD SEE SECDEF ADDRESSING, IN

ADDITION TO THE POINTS OF DISAGREEMENT IN THE REPORT OF DIRECT INTEREST TO THE US, THE IMPORTANCE THE US ATTACHES TO 1) PARTICULAR PROGRAMS THAT RECIPROCATATE AN INCREASED US CONTRIBUTION TO NATO, E.G., ADDITIONAL EUROPEAN RESERVE BRIGADES, IMPROVED RECEPTION FACILITIES, HOST NATION SUPPORT FOR PREPOSITIONING, ETC.; 2) GREATER ALLIANCE COOPERATION, INCLUDING WILLINGNESS TO MAKE ADJUSTMENTS TO NATIONAL PLANS IN THE INTEREST OF THE COLLECTIVE GOOD; 3) EFFECTIVE FOLLOW-THROUGH, INCLUDING ASSOCIATED STRENGTHENING OF NATO MACHINERY AND STAFFING.

2. FORCE GOALS (ITEM III). THE HIGHLIGHT OF THIS SPRING'S FORCE GOAL REVIEW HAS BEEN THE REMARKABLE TURNAROUND IN ALLIED DEFENSE SPENDING PLANS. IN CONTRAST TO LAST DECEMBER WHEN ONLY A FEW ALLIES PROJECTED REAL INCREASES OF 3 PERCENT OR MORE, MOST COUNTRIES ARE INCREASING OR HAVE INDICATED AN INTENTION TO INCREASE THEIR DEFENSE EXPENDITURES IN CONSONANCE WITH THE THREE PERCENT ANNUAL REAL INCREASE AIM CALLED FOR IN 1977 MINISTERIAL GUIDANCE. WE WOULD RECOMMEND THAT SECRETARY BROWN PRAISE THIS POSITIVE ALLIED RESPONSE AND EMPHASIZE THE IMPORTANCE OF ENSURING THAT PROJECTED INCREASES ARE ACTUALLY ACHIEVED, STATING THAT A 3 PERCENT REAL GROWTH IN ALLIED DEFENSE BUDGETS SHOULD PROVIDE THE FINANCIAL BASIS TO FUND HIGH PRIORITY FORCE GOALS AND AGREED LTDP MEASURES. BECAUSE THE FORCE

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GOALS AND LTDP REVIEW WERE CONDUCTED IN PARALLEL, SECRETARY BROWN MAY WISH TO REFER TO THE POSSIBLE NEED TO ADJUST SELECTED FORCE GOALS IN LIGHT OF SUMMIT DECISIONS ON THE LTDP.

. A MAJOR FEATURE OF THE ALLIANCE REVIEW OF FORCE GOALS FOR THE US WAS THE DOWNWARD REVISION IN SHIPBUILDING PROGRAMS FROM THAT REPORTED TO NATO LAST FALL AND ACCOMPANYING UNCERTAINTY REGARDING FUTURE NAVAL PROGRAMS. WE BELIEVE THAT SECRETARY BROWN SHOULD BE PREPARED TO EXPLAIN THE REVISION IN US NAVAL PROGRAMS, NOTE THE MAJOR IMPROVEMENTS PLANNED AND REAFFIRM THAT THE US WILL MAINTAIN AND ENHANCE ITS NAVAL CONTRIBUTION TO NATO.

3. NATO AEW (ITEM VC). BASED PRIMARILY ON OUR UNDERSTANDING OF THE FRG POSITION, WE DO NOT BELIEVE DEFENSE MINISTERS WILL BE ABLE TO MAKE AN UNCONDITIONAL DECISION ON NATO AEW AT THE MINISTERIAL. IN ORDER TO AVOID THE PROGRAM COST INCREASES THAT COULD ENSUE IF NATO DOES NOT PROVIDE MORE FUNDS BY JULY TO CONTINUE WORK ON THE DEVELOPMENT OF THE STANDARDIZED CONFIGURATION, THE US SHOULD PRESS FOR AGREEMENT AT THE DPC TO PROCEED WITH THE

ACQUISITION OF NATO AWACS IN ACCORDANCE WITH THE PACKAGE PROPOSAL (AS THEN MODIFIED), SUBJECT TO SATISFACTORY COMPLETION OF NATIONAL REVIEW PROCESSES UNDERWAY SINCE MARCH 22. FURTHER, MINISTERS SHOULD AGREE TO COMPLETE REVIEW PROCESSES ON OR BEFORE JUNE 30, 1978, PRIOR TO THE NEED FOR COMMITTING TO PRODUCTION FUNDING. SUCH AN AGREEMENT SHOULD ALLOW THOSE NATIONS WHICH, ACCORDING TO THE PACKAGE PROPOSAL, ARE TO MAKE PAYMENTS DURING 1978 (CA, FRG, LU, NL, AND US), TO AGREE AT THE DPC TO COMMIT A SUBSTANTIAL PORTION OF THOSE PAYMENTS TO THE CONTINUED

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-----110260 291015Z /10

O 290947Z APR 78

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PREFINANCING OF THE PROGRAM. THIS ACTION WOULD KEEP THE PROGRAM ON TRACK UNTIL REVIEW PROCESSES ARE SATISFACTORILY COMPLETED. FURTHER, WE BELIEVE THE US SHOULD INFORM THE ALLIES (THE FRG FIRST), THROUGH EMBASSIES AND THE MISSION, OF THIS APPROACH AND OF US WILLINGNESS TO COMMIT TO A PORTION OF ITS JUL-DEC 78 SHARE, IF OTHERS WILL DO THE SAME.

4. CNAD REPORT (ITEM VA). THE CNAD REPORT WILL INCLUDE THE FOLLOWING SIGNIFICANT ITEMS.

. -INTEROPERABILITY OF TACTICAL AREA COMMUNICATIONS. AT THE APRIL 25 CNAD MEETING (SEPTTEL), ALLIES, PARTICULARLY BELGIUM, DENMARK, THE NETHERLANDS AND NORWAY, AGREED THAT FOR BUDGETARY REASONS THEY COULD NOT SUPPORT THE

US PREFERRED RECOMMENDATION WHICH WOULD HAVE REQUIRED THEM TO FIELD FULLY DIGITAL SYSTEMS BY 1985. AS A RESULT, THE CNAD RECOMMENDATIONS TO MINISTERS WILL REFLECT THE DEFERRAL OF FIELDING DATES FOR DIGITAL
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SYSTEMS OF BETWEEN 2 TO 10 YEARS AND, AT FRENCH INSISTENCE, THE THRUST OF THE TSGCEE RECOMMENDATIONS CALLING FOR INTEROPERABILITY BASED ON US/EUROCOM DIGITAL STANDARDS HAS BEEN DILUTED TO CALL ONLY FOR FIELDING OF DIGITAL SYSTEMS AND PROVISION OF EFFECTIVE INTERFACE.

. IN OUR VIEW THESE RECOMMENDATIONS DIFFER ONLY MARGINALLY FROM THOSE APPROVED BY MINISTERS IN DECEMBER 1976, PRIOR TO SECRETARY BROWN'S INTERVENTION ON THIS MATTER, AND REFLECT THE DETERMINATION OF ALLIES TO MAINTAIN CURRENT NATIONAL PROGRAMS. SINCE WE BELIEVE WE HAVE PRESSED ALLIES AS FAR AS THEY ARE WILLING TO GO ON THIS ISSUE AND SINCE THE US HAS AGREED, ALBEIT RELUCTANTLY, TO THE CNAD RECOMMENDATIONS, WE BELIEVE SECRETARY BROWN SHOULD ENDORSE THE CNAD RECOMMENDATIONS BUT AGAIN EMPHASIZE THAT THE US WOULD LIKE TO SEE MORE RAPID PROGRESS TOWARD INTEROPERABILITY IN THIS AREA.

. - TRANSATLANTIC DIALOG (TAD). THE TAD IS PROCEEDING SLOWLY, WITH THE IEPG WANTING TO RESTRICT IT TO AN EXAMINATION OF OBSTACLES IMPEDING ACCESS TO TRANSATLANTIC TRADE OF DEFENSE EQUIPMENT (PRIMARILY TO US MARKET) IN ORDER TO BETTER BALANCE FLOW ON THE TWO-WAY STREET. THE US AND CANADA CONTINUE TO SEEK A BROADER DIALOGUE FOCUSSED ON THE CONSTRUCTIVE ACTIONS THAT CAN INCREASE THE EFFICIENCY OF EQUIPMENT DEVELOPMENT AND ACQUISITION PROGRAMS SO THAT NATO ALLIES CAN EXPLOIT THEIR TECHNOLOGY AND INDUSTRIAL BASE TO COMPETE EFFECTIVELY WITH THE WARSAW PACT FORCES. SECDEF SHOULD NOTE THE IMPORTANCE OF TAD AND URGE THE EUROPEAN NATIONS TO TAKE THE BROADER APPROACH.

. - ARMAMENTS PLANNING. THE CNAD CONTINUES TO MAKE
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PROGRESS TOWARDS AN ARMAMENTS PLANNING SYSTEM THROUGH THE NATO ARMAMENTS PLANNING REVIEW (NAPR) AND THE DEVELOPMENT OF A NATO PERIODIC ARMAMENTS PLANNING SYSTEM (PAPS). SECDEF SHOULD NOTE THE PROGRESS AND PLEDGE CONTINUED SUPPORT TO THIS IMPORTANT PROJECT.

. - LICENSING AND COPRODUCTION. THE CNAD DID NOT APPROVE THE GUIDELINES ON INTELLECTUAL PROPERTY PRINCIPLES FOR LICENSING AND COPRODUCTION, LABELING THEM "PROVISIONAL" AND REFERRING THEM TO THE NATO INDUSTRIAL ADVISORY GROUP (NIAG) FOR COMMENT. SECDEF SHOULD ENCOURAGE EXPEDITIOUS NATIONAL REVIEW AND APPROVAL OF THE GUIDELINES, SO THAT THEY CAN RECEIVE MINISTERIAL APPROVAL AT THE AUTUMN MEETING, AND CONTINUED SUPPORT OF THE INTELLECTUAL PROPERTY GROUP'S EFFORTS TO ADDRESS OUTSTANDING PROBLEM AREAS.

5. INFRASTRUCTURE - PROGRESS REPORT (ITEM VI).
THE INFRASTRUCTURE COMMITTEE WILL REPORT ON THE STATUS OF NEGOTIATIONS OF COST-SHARING AND CEILING FOR THE NEXT FIVE-YEAR SLICE GROUP (SLICES XXXI-XXXV, 1980-84). THERE IS IN FACT LITTLE REAL PROGRESS TO REPORT AND MINISTERS WILL SIMPLY BE ASKED TO NOTE. THE ONE ISSUE WHICH LOOMS AS POTENTIALLY DIFFICULT IS THAT OF THE PRESENT RELATIVELY LOW EXPENDITURE (IMPLEMENTATION) RATE AND ITS POSSIBLE EFFECT ON OUR EFFORTS TO GAIN APPROVAL OF A SIGNIFICANT INCREASE IN THE INFRASTRUCTURE CEILING. WE MAY PROPOSE A SECDEF STATEMENT WHICH WOULD (A) REEMPHASIZE THE NEED TO PROVIDE A CEILING WHICH WILL NOT ONLY MEET IMMEDIATE NATO MILITARY REQUIREMENTS BUT WILL ALSO COVER NEW REQUIREMENTS EMERGING FROM THE LTDP AND (B) POINT OUT THE PARALLEL REQUIREMENT TO IMPROVE SIGNIFICANTLY RATE OF IMPLEMENTATION IN ORDER TO DELIVER FACILITIES

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-----110255 291015Z /23

O 290947Z APR 78
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TO THE NMC'S APPROXIMATELY AT THE RATE AT WHICH THEY
ARE PROGRAMMED.

6. EUROGROUP CHAIRMAN'S REPORT (ITEM I). REF D PROVIDES
OUR COMMENTS ON THIS ITEM. BENNETT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY PLANS, MINISTERIAL MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978USNATO04387
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780183-0862
Format: TEL
From: USNATO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978041/aaaaaake.tel
Line Count: 286
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2937b2a5-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 USNATO 4245
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2812343
Secure: OPEN
Status: NATIVE
Subject: MAY DPC MINISTERIAL
TAGS: MPOL, DPC, NATO
To: STATE DOD
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/2937b2a5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014